



2 Rebounding Stocks I'd Buy Today With an Extra \$5,000

Description

The market is finally catching a tailwind, and a number of heavily oversold stocks are really on the move.

Here are the reasons why I think **SNC-Lavalin Group Inc.** (TSX:SNC) and **Kinross Gold Corporation** (TSX:K)(NYSE:KGC) are worth considering right now if you have some cash sitting on the sidelines.

SNC-Lavalin

The past five years have been a nightmare for SNC-Lavalin and its investors.

Corruption scandals coupled with weakness in the mining and energy sector have put pressure on SNC-Lavalin's shares and forced the board to switch the CEO, twice!

At the moment, the company is serving out a 10-year bidding ban on World Bank contracts, and RCMP charges filed earlier this year could result in a similar penalty here in Canada.

With all this bad news, you might wonder why the stock is attractive, but a close look at recent events suggests things aren't all that bad.

SNC-Lavalin has won several significant Canadian contracts in the last few months and savvy investors are betting this is a signal that the company might be too important to ban.

New deals include Montreal's new Champlain Bridge, a major public transit project in Toronto, and a wind terminal switch-yard in British Columbia. SNC-Lavalin has also been chosen as one of the companies to operate an important unit of Atomic Energy Canada.

This doesn't mean SNC-Lavalin is out of the woods with the RCMP, but it indicates that the federal and provincial governments are still comfortable giving the company multi-year contracts worth billions of dollars.

SNC-Lavalin continues to deliver strong earnings and has increased its dividend every year for the

past decade. Management is so convinced the stock is oversold, it plans to buy back as much as 10% of the outstanding float.

At this point, the downside risks look limited and the upside potential could be significant, even after the recent bounce.

Kinross

Kinross has been a fantastic destroyer of wealth over the past five years, and the market has pretty much left the stock for dead, but management has done a good job of cleaning up the balance sheet and the company now looks poised to stage a major recovery.

In fact, the stock is already up 40% in the past month.

Kinross finished Q2 2015 with US\$1 billion in cash and cash equivalents and just US\$2 billion in long-term debt. Only US\$250 million of the debt is due before 2019.

The company brought in operating cash flow of just over US\$160 million in the second quarter, and spent roughly US\$130 million on capital investments, so the company is easily covering the capital outlays needed to keep production on track.

All-in-sustaining costs are a bit higher than some of the other gold miners, but Kinross is working hard to reduce its operating expenses.

If the recent surge in gold prices continues to gain momentum, Kinross has a lot of upside left.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:KGC (Kinross Gold Corporation)
2. TSX:ATRL (SNC-Lavalin Group)
3. TSX:K (Kinross Gold Corporation)

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